

QUARTERLY REPORT

For the period ended 30 June 2018

- + Carpentaria Resources is answering the world's call for high grade iron ore.
- + The Company has a majority interest in the Hawsons Iron Project, source of Hawsons Supergrade® product, the world's best iron ore product.



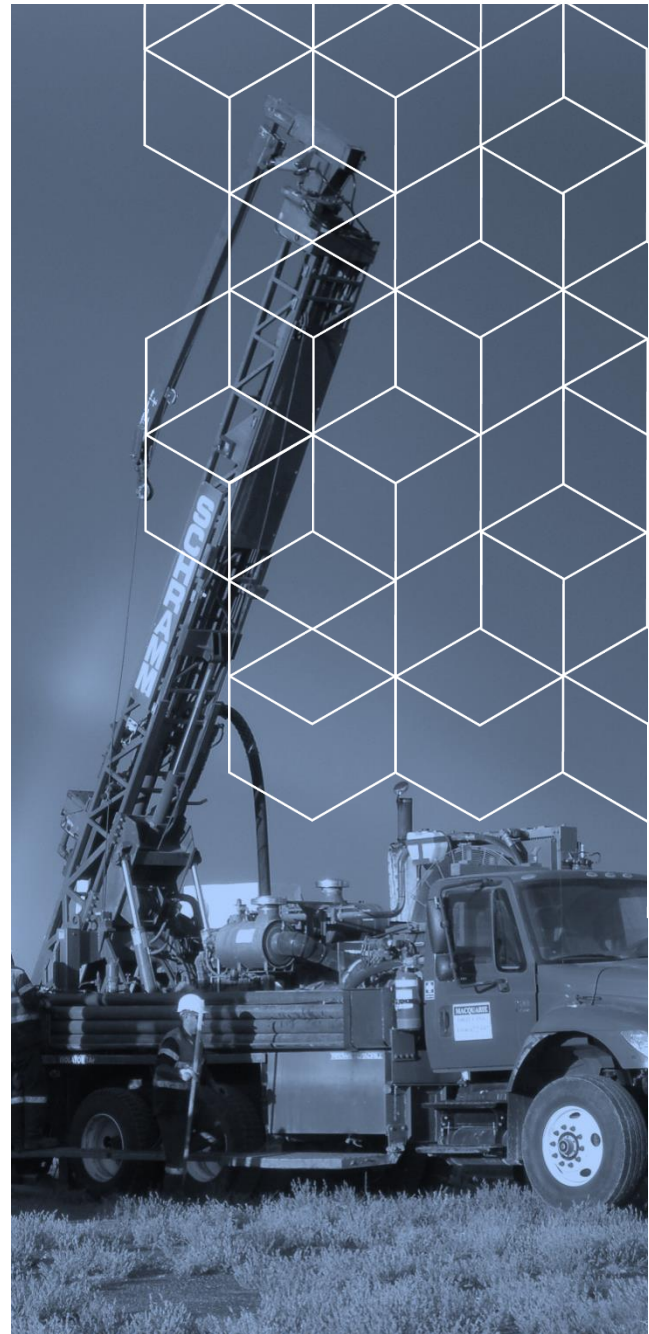
HIGHLIGHTS

Hawsons Iron Project

- + Iron ore/mining industry expert with more than 40 years of experience, Jon Parker appointed as Non-executive Director of Carpentaria Resources, bringing international joint venture transaction, project acquisition and development success and iron ore experience.
- + The Company remains focussed on developing the Hawsons Iron Project near Broken Hill, NSW.
- + Hawsons joins a select group of projects awarded 'Major Project Status' by the Australian Government reflecting
 - the project's strategic significance to Australia and regional communities
 - the strategic benefits of its unique iron ore product to a range of international blue-chip customers
 - the Government's positive view of Hawsons' economic viability and development prospects

The designation under the Major Projects Facilitation Programme is expected to provide a thorough, smooth and potentially faster approval process.

- + CAP project stake increases to 68.7%, following end of year dilution calculation
- + The Company continues to
 - negotiate offtake-linked project funding with customers. (The nature of any transaction is uncertain).
 - progress critical path items of the project's environmental assessment and plan the bankable feasibility study
 - discuss options with rail and port infrastructure owners and operators for export at either Port Pirie or Whyalla
- + Long standing director Mr Bin Cai resigned to concentrate on other business interests.



HAWSONS IRON PROJECT

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 30 June 2018.

The Company is focussed on developing its flagship Hawsons Iron Project.

This quarter's permitting work included continued modelling of the environmental impact in the proposed pit area, cultural heritage and other stakeholder consultation and lodgement of federal government requirements under the Environment Protection and Biodiversity Conservation Act.

Bankable feasibility study (BFS) planning included a review of potential BFS engineering candidates, an independent review of the pilot plant sampling and processing test work specifications and identification of potential drilling and test work providers.

Negotiations continue with Tier 1 customers for off-take linked BFS and construction funding in the context of increasing competition for product and higher premiums for high quality iron ore products. A number of site visits have occurred this quarter and subsequent to the end of this quarter.

Constructive discussions continue regarding rail and port access with owners and operators at Port Pirie and Whyalla in line with expectations.

Iron ore pricing has undergone a transformation that favours higher quality ores, and this trend strengthened this quarter. This has been long forecast by the Company and has highlighted the strategic value of our Hawsons Iron Project to the highest value sections of the iron ore market, namely pellet producers and direct reduction iron makers.

The change is the result of the Chinese steel industry's restructure, which has restored mill profitability, and an increased policy focus on clear skies and clean air in China that has penalised polluters. These two factors have driven mills towards high quality ore, as this is the simplest and most certain way to achieve more efficient and higher productivity steelmaking.

Significantly, iron ore pellets are now the highest growth section of the iron ore market.

Separately, growth in direct reduction iron making (DRI) is constrained by the amount of suitable feed. DRI manufacturing generally requires gas, not coal, and is currently a highly profitable method of making iron, with about half the pollution of traditional methods. Hawsons Supergrade® product is one of the very few that can meet the DR specification.

70%

Iron percentage of Hawsons Supergrade® product.

12.0

Offtake demand for Hawsons Supergrade® product (Mtpa).

201

Total product of Hawsons Iron Project (million tonnes).

The Company continues its international engagement and is confident that the iron ore and steel market outlook, the Hawsons Supergrade® product offering, and the project's competitive position will lead to positive funding and value outcomes for shareholders.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (nominally CAP 68.7%, Pure Metals P/L 31.3%) is currently undertaking development studies based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium iron market, including the direct reduction (DR) market.

The project has a clear technical and permitting pathway. It is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation. A mining lease application has been lodged.

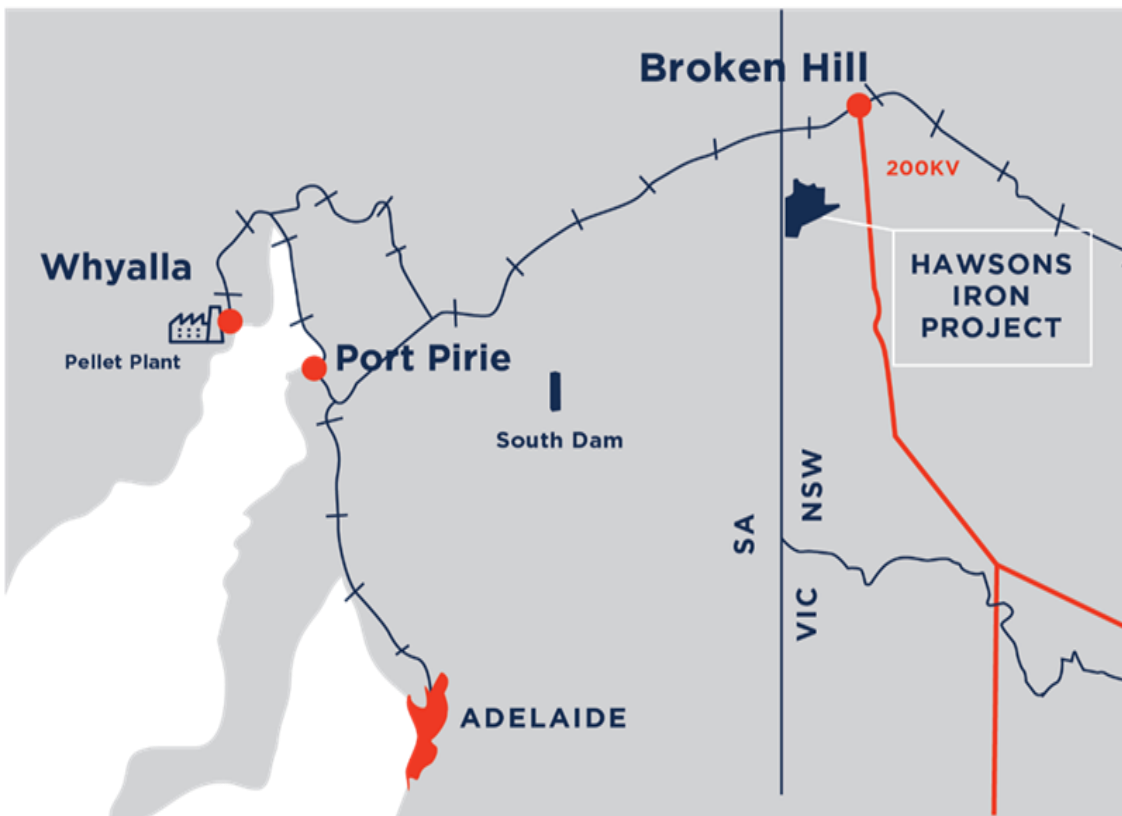
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive processing methods.

The Company is targeting the growing premium high-grade product market, both pellets and pellet feed, which is separate to the bulk fines market and its prefeasibility study has shown its targeted cost structure is very profitable at consensus long-term price forecasts for this sector. It has secured offtake intent from blue chip companies Formosa Plastics, Bahrain Steel, Shagang Steel, Emirates Steel, Kuwait Steel, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

For further information please contact:



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The Hawsons Iron Project is located 60km south-west of Broken Hill, NSW, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation.

Carpentaria Resources Tenement Schedule Resources
at end of 2018 June Quarter

8 licences and applications

Licence	Notes	Name	Original Grant Date	Expiry Date	Equity %	Sub Blocks	Area (km ²)
EL 6901	5	Combaning	8/10/2007	08/10/2020	20	21	61
EL 6979	1,2	Redan	11/12/2007	11/12/2021	66.5	62	180
EL 7208	2	Burta	22/09/2008	22/09/2020	66.5	100	290
EL 7504	2	Little Peak	08/04/2010	08/04/2020	66.5	14	41
EL 7896	5	Barellan	06/02/2012	06/02/2021	20	25	73
EL 8095		Advene	28/05/2013	28/05/2020	100	50	145
EL 5561		South Dam	10/12/2014	09/12/2018	100	15	44
MLA 460	3,4	Hawsons Iron	Under application	Under application	66.5	n/a	187
TOTALS						287	1,019

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV; Pure Metals Pty Ltd.
3. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.
5. JV; Cape Clear Minerals Pty Ltd.



DISCLOSURE

The information in this report that relates to Exploration Results, Exploration Targets, Resources and Reserves is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a

Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hill is a Director of Carpentaria Resources Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

www.carpentariares.com

Carpentaria
RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

CARPENTARIA RESOURCES LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(339)	(1,666)
(b) development	-	
(c) production	-	
(d) staff costs	(80)	(256)
(e) administration and corporate costs	(94)	(302)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	228	228
1.7 Refunds	-	-
1.8 Business development costs	(71)	(321)
1.9 Net cash from / (used in) operating activities	(353)	(2,310)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	56	56
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	56	56

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,140
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(8)	(200)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(8)	1,940

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,358	1,368
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(353)	(2,311)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	56	58
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(8)	1,940
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,053	1,358

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	724	1,031
5.2 Call deposits	329	327
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,053	1,358

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

91

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	125
9.2 Development	-
9.3 Production	-
9.4 Staff costs	85
9.5 Administration and corporate costs	90
9.6 Business development	75
9.7 Total estimated cash outflows	375

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 25 July 2018

Company secretary

Print name: Robert Hair

Notes

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2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.